Harassment of SSI Units due to Inspector Raj

1326. SHRI RUMANDLA RAAMACHANDRAYYA: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether Small Scale Industry Units often complaint about the prevalence of Inspector Raj harassing them on plea of safety, security and environment; and

(b) if so, the remedial measures proposed to check their harassment?

THE MINISTER OF STATE IN THE MINISTRY OF SMALL SCALE INDUSTRIES (SHRI TAPAN SIKDAR): (a) and (b) Government have occasionally received representations from industry associations and Small Scale Industries (SSI) units about the prevalence of Inspector Raj. Government have already introduced a system of inspection based on selection of units from defaulters list in the Employees Provident Fund Organization (EPFO) and Employees State Insurance Corporation (ESIC). In addition, Government have recommended to all the State Governments that they consider putting in place of self-Certification System wherein returns submitted on various labour laws by small scale units are certified and this may be treated as *prima facie* compliance. Under this system inspections would be conducted only when essential *i.e.* on receipt of written, verifiable and signed complaints from stakeholders.

Government had also entrusted a study for simplification of laws, rules and procedures affecting the SSI sector to the Administrative Staff College of India (ASCI). The draft of a Small Enterprises Development Bill received from ASCI, *inter alia,* seeks to reduce the rigour of labour related inspections on SSIs.

Increase in quantum of advances to SSI

1327. SHRIMATI N. P. DURGA: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether it is a fact that the quantum of advances to SSI sector have increased during the last year in spite of industrial slump;

(b) whether the quantum of credit flow to the SSI sector is adequate to meet the requirements of the funds for SSI sector in the year 2002-03; and

(c) the efforts that are being made or proposed to be made in future by Government to improve the situation?

THE MINISTER OF STATE IN THE MINISTRY OF SMALL SCALE INDUSTRIES (SHRI TAPAN SIKDAR): (a) and (b) The advances to Small Scale Industrial (SSI) Sector from Public Sector Banks during last year have increased from Rs. 49,743 crores as at the end of March, 2002 to Rs. 52,988 crores as at the end of March, 2003. However, the share of credit to SSI sector in the Net Bank Credit has declined from 12.5% in March, 2002 to 11.1 % in March, 2003. In the context of target of growth in the SSI Sector, the quantum of credit flow cannot be considered as adequate.

(c) Government took up the issue of improving credit flow to SSI Sector with Reserve Bank of India (RBI) through its Standing Advisory Committee to Review the Flow of Institutional Credit to SSI sector. Based on the recommendations of the Standing Advisory Committee, Government has taken various new important decisions relating to credit facilities to SSI Sector. Some of the decisions are as under:—

(i) As per the announcement made by the Finance Minister in the Union Budget 2003-04, the Indian Banks' Association has advised the banks to adopt the interest rate band of 2% above and below their prime lending rates for secured advances.

(ii) Banks have agreed to enhance composite loan limit from Rs. 25 lakhs to Rs. 50 lakhs for the SSIs.

(iii) Ministry of SSI has identified 60 clusters for focused development of SSIs. The list of 60 clusters was sent by the Ministry of SSI to the RBI. RBI in turn has written to the commercial banks to formulate credit plans by incorporating SSIs' credit requirement in the States Credit Plans.

(iv) Credit Guarantee Trust Fund for Small Industries to review its decisions in respect of loans upto Rs. 5 lakhs.